

## Electro-Sensors, Inc. Announces 2017 Year End Financial Results

**Minnetonka, Minnesota** (March 20, 2018) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the year ended December 31, 2017.

- **Record revenue of \$7.8 million**
- **Revenue growth of 9.3% over 2016**
- **Gross margin of 54.8%**
- **Cash and investments of \$8.7 million**

In thousands, except per share data

	<u>FY17</u>	<u>FY16</u>	<u>Change</u>
Net Sales	\$ 7,840	\$ 7,174	9.3 %
Gross Margin	54.8 %	54.1 %	70 bps
Operating Income	\$ 410	\$ 170	141.2 %
Operating Income Margin	5.2 %	2.3 %	290 bps
Income Before Income Taxes	\$ 458	\$ 204	124.5 %
Earning Per Share (diluted)	\$ 0.09	\$ 0.06	50.0 %

Net sales during 2017 increased 9.3% to \$7,840,000 from \$7,174,000 in the prior year. The increase was due primarily to an increase in strategic system orders during the second half of the year.

International markets provided approximately 10% of our 2017 revenue from shipments into over 40 countries. Our 2017 international business grew by 20.4% primarily due to increased sales to customers in Canada.

“We are pleased to report record annual revenue for 2017 driven by improved sales of both our HazardPRO wireless hazard monitoring systems as well as our legacy machine monitoring sensors and systems,” said David L. Klenk, Electro-Sensors’ president. “Moreover, the increased number of strategic system orders is a good indication that our customers are beginning to commit to larger facility upgrades and plant expansion projects.”

A full analysis of results for the year ended December 31, 2017 is available in the Company’s Form 10-K, which is available on the Company’s website at [www.electro-sensors.com](http://www.electro-sensors.com) or through the Securities and Exchange Commission’s Edgar database at [www.sec.gov](http://www.sec.gov).

**Contact:**

David L. Klenk  
952-930-0100

[dklenk@electro-sensors.com](mailto:dklenk@electro-sensors.com)

**Electro-Sensors, Inc.**  
**Statements of Income**  
**For the Years Ended December 31, 2017 and 2016**  
**(in thousands except share and per share amounts)**

	<b>Years Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Sales	\$ 7,840	\$ 7,174
Cost of goods sold	3,541	3,290
Gross profit	<u>4,299</u>	<u>3,884</u>
Operating expenses	<u>3,889</u>	<u>3,714</u>
Operating income	410	170
Non-operating income	<u>48</u>	<u>34</u>
Income before income taxes	458	204
Income taxes	<u>163</u>	<u>2</u>
Net income	<u>\$ 295</u>	<u>\$ 202</u>
Earnings per share – diluted	\$ 0.09	\$ 0.06
Average shares outstanding - diluted	3,401,017	3,395,945

**Electro-Sensors, Inc.**  
**Balance Sheets**  
**December 31, 2017 and 2016**  
**(in thousands)**

	<b>December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current Assets		
Cash and investments	\$ 8,719	\$ 8,267
Trade receivables, net	902	770
Inventories	1,552	1,515
Other current assets	186	240
Total current assets	11,359	10,792
Deferred income tax asset	182	198
Intangible assets, net	800	1,035
Property and equipment, net	1,074	1,033
Total assets	\$ 13,415	\$ 13,058
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Contingent earn-out	\$ 150	\$ 0
Accounts payable and accrued expenses	558	543
Total current liabilities	708	543
Long-term liabilities		
Other long-term liabilities	0	195
Total long-term liabilities	0	195
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,004	1,953
Retained earnings	10,352	10,057
Other comprehensive gain (loss)	12	(29)
Total stockholders' equity	12,707	12,320
Total liabilities and stockholders' equity	\$ 13,415	\$ 13,058

## **About Electro-Sensors**

Electro-Sensors, Inc. is an industry leading designer and manufacturer of rugged and reliable machine monitoring sensors and hazard monitoring systems applied across multiple industries and applications. These products improve processes by protecting people, safeguarding systems, reducing downtime, and preventing waste. Most standard products ship within one to two days and have an industry-leading 5-year warranty. Electro-Sensors is proud to be an ISO9001:2015 quality certified company and is committed to providing excellent customer service and technical support. Founded in 1968 and located in Minnetonka, Minnesota, Electro-Sensors provides its loyal customers with reliable products that improve safety and help plants operate with greater efficiency, productivity and control.

## **Cautionary Statement Regarding Forward Looking Statements**

This press release may include statements about possible or anticipated future financial performance, business activities, plans, or opportunities. These forward-looking statements may include the words “will,” “should,” “believes,” “expects,” “anticipates,” “intends” or similar expressions. For these forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in federal securities laws. Forward-looking statements reflect the company’s current views with respect to future events and financial performance and include any statement that does not directly relate to a current or historical fact. These forward-looking statements are subject to a number of factors, risks and uncertainties, including those disclosed in our periodic filings with the SEC that could cause actual performance, activities, plans, or opportunities after the date the statements are made to differ significantly from those indicated in the forward-looking statements.

For more information please visit our website at: [www.electro-sensors.com](http://www.electro-sensors.com). Also look us up on:

LinkedIn: [linkedin.com/company/electro-sensors-inc-](https://www.linkedin.com/company/electro-sensors-inc-)

Twitter: [twitter.com/ESIsensors](https://twitter.com/ESIsensors)

Google+: [google.com/+Electro-sensors](https://google.com/+Electro-sensors)

Facebook: [facebook.com/ElectroSensors](https://facebook.com/ElectroSensors)